

**Transcript of Remarks by Senator Kent Conrad (D-ND)  
at Senate Democratic Policy Committee Hearing on the President's Budget  
February 7, 2003**

I think this is a critical moment in our nation's history. I think future generations will look back on this time and wonder what were we thinking about as we made these budget choices.

I believe the President's proposal is reckless and dangerous in a way that we have never seen before. I say that because we have a fundamental difference. Although this economic game plan is much like the game plan of the 1980's, there is a fundamental difference. That difference is the baby boom generation. We're about to see something we've never seen before.

And I think to judge the direction that we're on, it is useful to look back. Let's go back if we can to what the President told us two years ago when he was proposing a massive tax cut. He said, "Tax relief is central to my plan to encourage economic growth, and we can proceed with tax relief without fear of budget deficits, even if the economy softens."

That was his statement then. This is the result now. We were told we would have \$5.6 trillion in surpluses over the next decade. We now know that if the President's policies are adopted -- his policies for spending and tax cuts -- that instead of \$5.6 trillion of surpluses, we'll have \$2.1 trillion of additional deficits and debt. That is a swing of over \$7.7 trillion in just two years -- unprecedented in our nation's history. Let me just say if that number were rounded, it would be a \$7.8 trillion negative swing in just two years.

The President last year then did a mid-course correction and said, "...[O]ur budget will run a deficit that will be small and short-term." Wrong again. It is not small and it is not short-term. It's deep and it's long-term.

This chart shows the explosion of deficits under the President's policies. And you can see that if Social Security is not used to pay for the tax cuts, we will be running budget deficits of over \$400 billion a year every year for the entire rest of this decade.

If you wonder if debts matter, I refer you back to the President two years ago. This is what he said then: "My budget pays down a record amount of national debt. We will pay off \$2 trillion of debt over the next decade. That will be the largest debt reduction of any country ever. Future generations shouldn't be forced to pay back money that we have borrowed." These are the President's words: "Future generations shouldn't be forced to pay back money that we have borrowed. We owe this kind of responsibility to our children and grandchildren."

That's what the President said. This is what the President is doing. He is exploding the national debt. We are at \$6.2 trillion in gross debt last year, increasing just by 2008 to \$9.4 trillion. That is doing precisely what the President pledged not to do. It is pushing this deficit and debt off on to our children and grandchildren.

Now this has real consequences. The respected Macroeconomic Advisers, who by the

way are under contract to the White House and to the Congressional Budget Office to analyze these plans, tells us that the President's growth plan doesn't grow the economy. It actually retards economic growth. Oh, in fairness, it gives you a little bit of growth until 2004. You can see that's the policy line, the black line is following the President's policy. The base is the green line. It shows what happens if you do nothing. Very interesting analysis by Macroeconomic Advisers. What it shows is that it peaks, you get a little bump up to 2004 which of course is a Presidential election year, and then the President's plan reduces economic growth substantially in comparison to doing nothing.

In other words, the President's plan hurts economic growth. The reason for that is under the President's policies, not only are we in deficit the whole rest of this decade, we never escape from deficit.

This is a chart from his own budget plan, page 43. I don't think they wanted many people to look at this chart. This chart shows the next decade deficits that are, as I've indicated, more than \$400 billion a year if Social Security is not counted. Of course, they want to use Social Security to pay for these tax cuts. Over \$2 trillion of Social Security money used in just the next decade. But then look what happens.

When the baby boomers start to retire it is a plunge off the cliff. And the President's plan is straight ahead. Make no doubt. This is a fiscal disaster for this country, and the result can only be massive cuts in benefits in Social Security and Medicare. That can only be the conclusion they have reached because none of this adds up. It doesn't come close to adding up. It is a plunge into the abyss.